

## Social Responsibility and Sustainability

At Valspar, we define sustainability as adhering to our core values while achieving financial success, world-class safety performance, environmental excellence and social responsibility. We are committed to delivering long-term benefits to our shareowners, employees, customers, suppliers and the communities in which we operate. We remain conscious about our impact on future business, communities and human components of the environment in which we live and work.

For more on Valspar's contributions to address the issue of forced labor and human trafficking in its direct supply chain, [click here](#)

<p><b>The Environment Matters</b></p>  <p>Valspar is committed to strong environmental performance, from minimizing the environmental impact of our facilities, to developing innovative solutions for our customers.</p>	<p><b>Safety Matters</b></p>  <p>By caring for our employees and work environment, Valspar continues to demonstrate "If it matters we're on it."</p>	<p><b>Community Involvement Matters</b></p>  <p>Valspar seeks to make a positive impact in the communities where we live and work.</p>
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### The Environment Matters



Valspar is committed to strong **Environmental Performance**, from minimizing the environmental impact of our facilities, to developing innovative solutions for our customers.

Valspar is working to do our part to minimizing our environmental impacts. **Consumers** can do their part by painting with the environment in mind. Today, there are many ways to be environmentally conscious when considering what materials to use for the job. Many items can be re-used or recycled when you are finished with painting.

By caring for our employees, environment and community, Valspar continues to demonstrate "If it matters we're on it."

It is Valspar's policy to operate its facilities in a manner that protects its employees, the community and the environment.

Valspar is committed to:

- Reducing overall emissions to air, water, and land
- Eliminating and reducing waste in manufacturing through source reduction, reuse, recycling, reclamation, and other pollution prevention programs
- Optimizing the use of environmentally benign materials and processes
- Working with our customers on the safe use, transportation, and disposal of Valspar products

#### Continuous Improvement

Every year, safety and environmental goals are established and tracked for each manufacturing location. Valspar also has a system in place to track a number of key metrics and progress with regards to our safety and environmental performance.

Valspar drives continuous improvement through our Global Health, Safety, and Environmental (HSE) Management System. The HSE Management System is designed to advance a proactive approach to managing and addressing HSE issues. It provides a firm foundation for communicating and establishing consistent expectations and establishing a method of accountability.

Valspar's HSE Management System is based on internationally recognized management system standards. Some of these include the following: ISO9001, ISO14001, OHSAS 18001, OSHA's Voluntary Protection Program (VPP), EPA's National Environmental Performance Track (NEPT), and ANSI Z10.

## Environmental Performance



Valspar is committed to strong Environmental Performance, from minimizing the environmental impact of our facilities, to developing innovative solutions for our customers.

Organic solvents are a common raw material used in the production of paints, resins, and coatings. When these solvents evaporate, they release Volatile Organic Compounds (VOCs). The cost of raw materials and solvents has increase significantly over the last several years. Valspar recognizes that minimizing the emissions of Volatile Organic Compounds (VOCs) is both good for business and good for the environment.

#### Volatile Organic Compounds

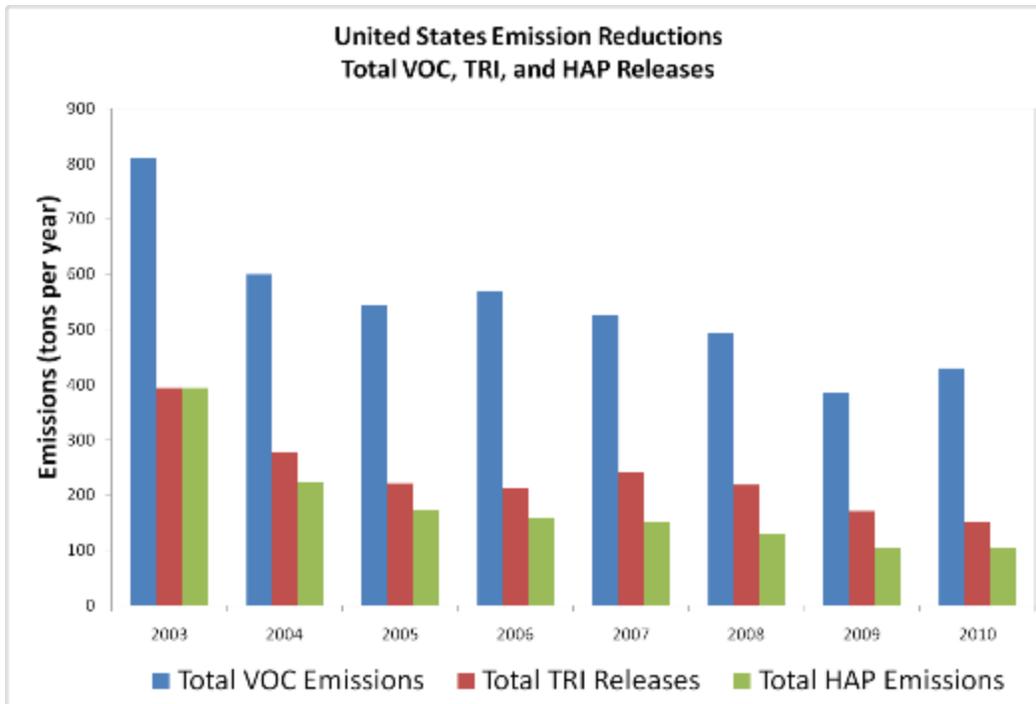
Valspar has made significant improvement in reducing emissions of VOCs. Between 2003 and 2010, Valspar manufacturing locations in the United States reduced total VOC emissions by 381 tons (47% reduction) and reduced normalized VOC emissions by 43% (pounds released per ton produced).

#### Hazardous Air Pollutants

The 1990 Clean Air Act directed the United States Environmental Protection Agency (EPA) to regulate emissions of certain chemicals called Hazardous Air Pollutants (HAPs). Valspar has made significant improvement in reducing in emissions of HAPs. Between 2003 and 2010, Valspar manufacturing locations in the United States reduced total hazardous air pollutant emissions by 289 tons (73% reduction) and reduced normalized HAP emissions by 71% (pounds released per ton produced).

#### Toxic Release Inventory

The Emergency Planning and Community Right-to-Know Act (EPCRA) of 1986 established the Toxics Release Inventory (TRI). This program requires manufacturing locations in the United States to publicly report environmental releases and transfers of listed chemicals. Valspar has made significant improvement in reducing releases to the air, land and water of TRI chemicals. Between 2003 and 2010, Valspar has reduced TRI releases to air, land, and water by 243 tons (62% reduction) and reduced normalized TRI releases by 59% (pounds released per ton produced).



Valspar's Research and Development chemists and engineers continue to develop and expand our product portfolio of environmentally improved water-borne technologies that contain fewer VOCs and HAPs. The increased deployment and use of water-borne technologies have lowered the VOC emissions from Valspar's manufacturing locations, manufacturing facilities of our customers, and consumers. Valspar used a combination of new product technology and reformulation as well as the installation of additional pollution control equipment to reduce VOC, HAP, and TRI releases.

#### Material Efficiency and Waste Minimization

Valspar defines "material waste" as any material that is purchased or is part of purchased materials (e.g. pallets, packaging) that is not ultimately used and sold to our customers. In 1995, Valspar launched an initiative to continuously improve our results in this area and ensure the maximum efficiency in how we utilize raw materials. Material waste reduction is a key performance metric in Valspar and is measured and reported on a monthly basis in terms of costs per unit produced. Valspar also requires that all global locations establish an annual material waste improvement goal. Since 1995, Valspar has reduced material waste costs per unit produced by approximately 20%. Valspar seeks to minimize waste because it will lower our operating expenses and reduce our environmental impact.



Valspar uses the following hierarchy for waste minimization:

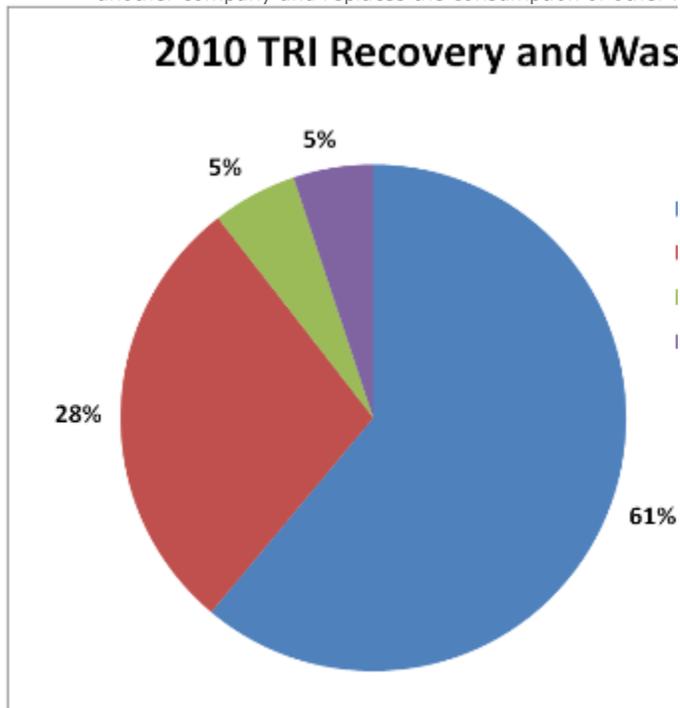
- Source reduction
- Reuse
- Recycling
- Energy recovery
- Treatment and Disposal

If source reduction, reuse, or recycling is not possible, Valspar seeks to utilize offsite energy recovery methods for waste management where Valspar's wastes are used as a fuel source for other company's operations. For example, cement kilns and other energy intensive industries need large quantities of fuel; off-site energy recovery means that Valspar's waste is used as a fuel source for these industries, replacing other fossil fuels.

The following chart provides a summary of the percentage of recycling, energy recovery, and treatment and releases for Valspar U.S. locations.

- The information is taken from Valspar's EPA TRI report for calendar year 2010.
- As the graph illustrates, Valspar predominately utilizes on-site recycling (61%) and off-site energy recovery (28%).

- On-site recycling has a direct Environmental benefit because it reduces the overall raw material usage for a location.
- Off-site energy recovery has an indirect environmental benefit: Valspar's waste is used as a fuel source by another company and replaces the consumption of other fossil fuels.



#### Energy Efficiency and Management

Like many manufacturing companies, rising energy and fuel costs have impacted Valspar. In an effort to reduce our energy expense and improve our environmental profile, Valspar has established an Energy Reduction Taskforce that is using Lean Six Sigma tools to identify and replicate energy efficiency projects across the corporation.

Valspar belongs to the American Coatings Association (ACA). The ACA and our industry are active participants in EPA's Sector Strategies Program. This program develops performance improvement strategies for major manufacturing and service sectors of the U.S. economy. It is a collaborative effort between industry and government. Information from the program is published and shared with the public.



The Sector Strategy program completed a survey in 2007 of the Paint and Coatings industry's Green House Gas (GHG) emissions and determined that the industry is not a significant contributor to GHG emissions (based on CO2 equivalents).

## Consumers

Valspar is working to do our part to minimizing our environmental impacts. Today, there are many ways to be environmentally conscious when considering what materials to use for the job. Many items can be re-used or recycled when you are finished with painting.



Valspar is an active participant, along with the [National Paint and Coatings Association](#), the [Product Stewardship Institute \(PSI\)](#), and a number of federal, state and local stakeholders, to reduce the generation and ensure the proper management of post-consumer paint.

Product Stewardship Institute (PSI), a non-profit organization, is facilitating a dialogue with diverse stakeholders including paint manufacturers, paint recyclers, paint contractors, retailers, environmental groups, state and local government agencies, and federal agencies. The focus of the dialogue is lessening the post consumer paint, while increasing reuse and recycling opportunities.

## Safety Matters

At Valspar we work to safeguard our greatest asset: our employees. Having a [safe workplace](#) is a core value at Valspar. By caring for our employees and work environment, Valspar continues to demonstrate "If it matters we're on it."

Valspar has been recognized for our safety performance through [safety awards](#).

It is Valspar's policy to operate its facilities in a manner that protects its employees, the public and the environment. Valspar is committed to:

- Establishing an accident-free work environment
- Recognizing and responding to community concerns about Valspar's products and operations
- Working with our customers on the safe use, transportation, and disposal of Valspar products

### Continuous Improvement

Every year, safety and environmental goals are established and tracked for each manufacturing location. Valspar also has a system in place to track a number of key metrics and progress with regards to our safety and environmental performance.

Valspar drives continuous improvement through our Global Health, Safety, and Environmental (HSE) Management System. The HSE Management System is designed to advance a proactive approach to managing and addressing HSE issues. It provides a firm foundation for communicating and establishing consistent expectations and establishing a method of accountability.

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## Safety Performance

At Valspar we work to safeguard our greatest asset: our employees. Having an accident-free workplace is a core value at Valspar. Valspar is among the safest manufacturers in the world. In fiscal year 2010, Valspar achieved a Total Recordable Incident Rate (TRIR) of 0.97.

Our ultimate goal is to prevent all accidents, injuries, and workplace illnesses. Over the last sixteen years, we have reduced our injury and illness rate by almost 77%.

Valspar strives to prevent serious injuries. Valspar's goal is to proactively prevent



workplace accidents, injuries and illnesses. Over the last sixteen years, Valspar has reduced our Lost Workday Injury Rate by almost 67%.

## Safety Results

## Safety Awards

National Paint Coatings Association (NPCA) is dedicated to promoting occupational health and safety as a priority for its members. As such, the association encourages and recognizes its members with outstanding safety records through its Safety Awards Program. The purpose of the program goes beyond recognizing superior safety performance at plant locations; it also enables the collection of valuable data. This information on industry safety is useful to member companies in assessing the effectiveness of their safety programs as compared with others in the industry. NPCA operates the program to benchmark the industry's commitment to workplace safety.

The Safety Awards are comprised of the following categories:

- **NPCA Safety Awards of Excellence**  
These awards are presented to companies in various sized categories for establishing zero death and total lost workday cases for the subject five-year period.
- **NPCA Safety Awards of Commendation**  
These awards are presented to companies for having the lowest rate of death and away-from-work cases during the latest reporting year.
- **NPCA Safety Awards of Honor**  
These awards are presented to companies for having the lowest rate of death and total lost workday cases for the latest reporting year.
- **NPCA Safety Awards of Merit**  
These awards are presented to companies for the most improved safety records for a specified reporting period.

In manufacturing, distribution, or chemical supply facilities there will be one or more employee designated as an Occupational Health & Safety expert. These employees are usually certified in industrial hygiene or a closely related field. Their responsibilities will center on the recognition, evaluation, and control of workplace hazards towards keeping facility employees safe from harm. This may include performing safety checks to make sure that personal protective equipment worn used by employees is worn correctly, implementing new state and federal workplace safety regulations designed to protect employees, and many other duties.

NPCA's Occupational Health & Safety Committee is responsible for recommending NPCA policy on matters relating to health and safety within members' facilities. The committee strives to provide association members with guidance that will enable them to effectively manage their health and safety programs. The committee and its workgroups remain alert to developing issues and facilitate communication between the industry, the Occupational Safety and Health Administration, the American National Standards Institute, the National Institute for Occupational Safety and Health, the National Fire Protection Association, and other standard-setting organizations to facilitate new standards which are both beneficial and feasible. In addition, the committee assists staff in keeping the membership apprised of recent developments that may impact plant operations and issues guidance documents to encourage full compliance among association members. The committee also provides technical support for the Manufacturing Management Code under Coatings Care®.

## NPCA Safety Awards for 2009

**Excellence Award Winners** - Given to the member locations that establishes zero death and total lost work day cases involving days away from work and restricted work activities for the subject 5-year period.

The Valspar Corporation  
Rochester, PA  
Louisville, KY  
Birmingham, AL  
Seattle, WA

**Commendation Award Winners** - Given to the member location that establishes the lowest rate of death and total lost work day cases involving days away from work and restricted work activities per total employee hours worked for the latest calendar year reported.

The Valspar Corporation  
Pittsburgh, PA  
Picayune, MS  
Montebello, CA  
Moline, IL  
High Point, NC  
Garland, TX  
Fremont, MI  
Covington, GA

**Honor Award Winners** - Given to locations that establish the lowest rate of death and away from work cases for the latest calendar year reported.

The Valspar Corporation  
Charlotte, NC  
Rockford, IL  
Orangeburg, SC  
Los Angeles, CA  
Kankakee, IL  
Statesville, NC  
Sacramento, CA  
Garland, TX  
Charlotte, NC  
Williamsport, MD  
Covington, GA  
Lebanon, PA

**Merit Award Winners** - given to the member location in each size category for the greatest improvement shown in its safety record for the reporting year as compared to the base year.

The Valspar Corporation  
Indianapolis, IN

## Community Involvement Matters

If it matters, we're on it™ - Valspar is committed to helping others achieve success. Therefore, Valspar seeks to make a positive impact in the communities where we live and work by focusing our giving on housing and urban revitalization. We strongly promote urban restoration by supporting organizations that use our contributions to improve neighborhood housing.

The purpose of the [Valspar Foundation](#) is to provide philanthropic assistance in those communities where we live and work.

Valspar is the national paint sponsor for [Habitat for Humanity](#) International, donating more than \$35 million in cash and in-kind contributions.

Valspar created the vision and is the driving force behind an innovative Habitat for Humanity program named **A Brush with Kindness**. Through A Brush with Kindness, volunteers outfitted with paint and supplies transform neighborhoods by painting home exteriors, providing minor repairs and landscaping; these tasks can be difficult for low income, disabled and senior homeowners.

## The Valspar Foundation

The Valspar Foundation was established in 1979. The purpose of the Valspar Foundation is to provide philanthropic assistance in those communities where we live and work. Valspar believes that it is important to be involved in the communities in which it operates and to financially support those organizations that address community needs and enhance the communities' quality of life. The Valspar Foundation is funded entirely by the Corporation.

Globally, Valspar employees, the Valspar Foundation and the Valspar Corporation responded with donations to the victims of the Tsunami, Hurricane Katrina and the Sichuan earthquake in China.

### Sichuan Earthquake

Each day brings growing understanding of the magnitude of the loss of life and destruction from the earthquake in China. Many employees have asked if the company is providing assistance and if there is anything they can do personally to help.

To date, Huarun employees and distributors have contributed over \$200,000 to assist victims of the earthquake, Valspar employees in Shanghai have contributed \$12,000 and Valspar management has approved a \$25,000 donation from the Valspar Foundation.

## Habitat for Humanity



*Affordable Housing Matters, We're On It.*

In the United States, Valspar is the national paint sponsor for Habitat for Humanity International, donating more than \$35 million in cash and in-kind contributions. Valspar is also the driving force behind **A Brush With Kindness**, an innovative urban revitalization program with Habitat for Humanity that is transforming neighborhoods by painting home exteriors and providing minor repairs and landscaping for low income families, disabled people, and senior citizens.

**Habitat for Humanity International** is a worldwide movement that has a presence in nearly 90 countries, including all 50 states in the United States, the District of Columbia, Guam and Puerto Rico. On average, Habitat for Humanity serves a low-income family somewhere around the world every 10 minutes through new house construction, major house rehabilitation projects and with house repairs. In 2007, Habitat served a record 49,000 families in need.

Valspar Helps Habitat for Humanity Reach Milestone: 300,000 houses built

In 1979, when Valspar first became involved with Habitat for Humanity's mission to build houses with families in need and help eradicate homelessness from the world, we never imagined that we would be touching the lives of so many in such a profound and lasting way.

In November 2008, Habitat for Humanity organizations throughout the world celebrated as they marked a major milestone, when construction was begun on Habitat's 300,000th house in Naples, Florida and 300,001st house in Zacapa,

Guatemala. Valspar is extremely proud and humbled to have been a part of Habitat's journey that has helped more than 1.5 billion people.

The 300,000th house represents a decade of major growth for Habitat for Humanity, which was founded in 1976. In 2000, Habitat's 100,000th house was built in New York City and 100,001st house in Plains, Ga. Five years later, Habitat dedicated its 200,000th home in Knoxville, Tenn.; and 200,001st house in Kanyakumari, India.

## Community Volunteers

### A Brush with Kindness

Valspar created the vision and is the driving force behind an innovative Habitat for Humanity program named A Brush with Kindness. Habitat for Humanity is fulfilling its vision for neighborhood revitalization through home building and A Brush with Kindness delivers services that support this vision. Volunteers outfitted with paint and supplies transform neighborhoods by painting home exteriors, providing minor repairs and landscaping; these tasks can be difficult for low income, disabled and senior homeowners. Projects are identified based on the greatest possible impact to the appearance of a neighborhood.



The inspiration for this initiative began in Minneapolis, Minnesota. The initial community outreach with A Brush with Kindness proved to be such a resounding success that 15 additional U.S. cities launched the program in 2006. Now, 50 additional communities plan to bring this "kindness packaged in a paint can" to their neighborhoods. With financial donations and in-kind support from Valspar, Habitat for Humanity is making dreams come true for homeowners who need it most. A Brush with Kindness is just one example of how Valspar gives back to its communities.

Valspar employees donate many hours to non-profit organizations, thereby helping to improve the quality of life in their communities. The [Community Volunteer Award](#) honors those employees who have performed exceptional volunteer service in their communities. The award recognizes the individual's commitment of personal time away from work.

### Other Highlights

#### [Rockford, IL – Community Paint-A-Thon](#)

20th year of program; Valspar has provided the paint for this project plus a volunteer team every year.

#### [Wheeling, IL – Community Paint-A-Thon](#)

21st year of program; Valspar has organized, provided volunteers and donated the paint for all 21 years of this event.

#### [Pittsburgh, PA – Rebuilding Together](#)

Pittsburgh has donated paint since 1997. Have provided a volunteer team and product since 2002 and has been a full sponsor since 2005.

#### [South Africa](#)

Valspar South Africa has participated with Habitat for Humanity for many years to do an annual house build for aids orphans and their care givers (usually a grandmother). Valspar provides the building materials and the manpower for one week to raise a house. This year, we built two houses in the Shongweni area, north of Durban.